

MEMORANDUM

Texas Department of Human Services * Long Term Care/Policy

TO: LTC-R Regional Directors-Section/Unit Managers
Home and Community Support Services Agencies (HCSSA) Program
Administrators

FROM: Marc Gold, Director
Long Term Care Policy
State Office MC: W-519

SUBJECT: Regional Survey & Certification Letter #00-27

DATE: January 8, 2001

The attached RS&C Letter is being provided to you for information purposes and should be shared with all professional staff.

- RS&C Letter No. 00-27 -- Change of Ownership, Merger, and Termination Procedures Affecting Home Health Agencies [HHAs], and Outcome and Assessment Information Set [OASIS] Requirements - INFORMATION; Call Mary Jo Grassmuck, at (512) 438-2100.

If you have any questions, please direct inquiries to the individuals or sections listed above.

- Original Signature on File -

Marc Gold

Attachment

c: Cindy Kenneally W-521
Linda Kotek W-519



Department of Health & Human Services
Health Care Financing Administration
Division of Medicaid and State Operations, Region VI

1301 Young Street, Room 833
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December 6, 2000

REGIONAL SURVEY AND CERTIFICATION LETTER NO. 00-27

TO: All State Survey Agencies (Action)
All Title XIX Single State Agencies (Information)

SUBJECT: Change of Ownership, Merger, and Termination Procedures Affecting Home Health Agencies [HHAs], and Outcome and Assessment Information Set [OASIS] Requirements - INFORMATION

The purpose of this letter is to provide oversight guidance for OASIS implementation in three situations: where an HHA undergoes a change of ownership with a merger of two or more agencies; where there is a change of ownership with and without assignment of the seller's provider agreement; and where there is termination of the provider agreement.

As part of the Health Care Financing Administration's [HCFA] effort to achieved broad-based improvements in quality of care furnished by home health agencies through Federal programs, OASIS is one of the most important aspects of the HHA's quality assessment and quality improvement efforts. The OASIS will assist agencies in improving their performance through quality of care determinations that are expected to be provided in Outcome-based Quality Improvement [OBQI] reports currently under development. As the individual patient assessments are linked to the individual; HHA by their provider number, the OBQI reports will also be linked to the individual HHA by the provider number. It is imperative that the provider number be accurately reported on the OASIS assessments in all reports, including when HHAs undergo change of ownership, merger, or termination.

CHANGE OF OWNERSHIP B MERGERS

In accordance with 42 CFR Part 489.18 and SOM 3210, the merger of a provider corporation into another corporation constitutes a change of ownership. In the case of the merger of Agency A into Agency B, Agency A's provider agreement and its associated provider number are terminated. Agency B retains its existing provider agreement and provider number.

Agency A should provide the OASIS discharge comprehensive assessment for each discharged patient prior to or at the effective date of the merger. The surviving HHA [Agency B] should provide a Start of Care [SOC] comprehensive assessment for all patients admitted after the

merger at the next skilled visit after the official merger date. The SOC assessment will allow eligibility for the home health benefit to be verified and care planning for the individual to proceed under Agency B. Subsequently, the assessments for all individuals being accepted for care by Agency B will be linked to the correct provider number to enable the agency to engage in quality improvement efforts with accurate OBQI reports.

CHANGE OF OWNERSHIP with ASSIGNMENT

In accordance with 42 CFR Part 489.18 and SOM 3210, when there is a change of ownership and the new owner accepts assignment of the existing provider agreement, the new owner is subject to all the terms and conditions under which the existing agreement was issued, including compliance with the Condition of Participation for comprehensive assessment of patients. The provider number remains the same if the new HHA owner accepts assignment of the existing provider agreement. The new owner is responsible for continuing to complete updates to the comprehensive assessment at the next scheduled time points.

CHANGE OF OWNERSHIP without ASSIGNMENT

In accordance with 42 CFR Part 489.18 and SOM 3210, when there is a change of ownership and the new owner rejects assignment of the provider agreement, the provider agreement and provider number of the former owner should be terminated. The HHA that is terminating its provider agreement and provider number should provide an OASIS discharge comprehensive assessment for each patient subject to the OASIS standards prior to the effective date of the termination, according to 42 CFR Part 484. The new HHA will not be able to participate in the Medicare program without going through the same process as any new provider, which includes an initial survey. The HHA should meet all the Federal requirements, including applicable OASIS requirements as specified in the regulations, for all patients it accepts for care in order to participate in the Medicare program. This means that the HHA should provide a new SOC comprehensive assessment at the first skilled visit once it becomes Medicare-approved. In addition, updates to the comprehensive assessment should be provided at the other OASIS time points, in accordance with 42 CFR Part 484, for all patients of the former owner it accepts for care.

VOLUNTARY TERMINATION

In accordance with 42 CFR Part 489.52 and SOM 3046, a Medicare approved HHA may voluntarily terminate its provider agreement by filing a written notice of its intention to the State Agency who, in turn, notifies the Regional Office. HCFA recommends the HHA that is terminating its provider agreement should provide a discharge comprehensive assessment for each patient prior to the effective date of termination.

INVOLUNTARY TERMINATION

The Regional Office may terminate an agreement with an HHA in accordance with 42 CFR Part 489.53. HCFA will work with the HHA on a case-by-case basis to provide for the safe and orderly transfer of patients to another Medicare-approved HHA if appropriate.

The agency to which the patients are transferred should provide a new SOC comprehensive as well as updates to the comprehensive assessment at the other OASIS time points.

The guidance and recommendations provided in this letter applies to all accredited HHAs that participate in the Medicare program and to HHAs that are required to meet the Medicare Conditions of Participation, including Medicaid HHAs.

If you have any questions please do not hesitate to contact Dodjie B. Guioa of my staff by telephone at 214-767-6179 or through E-mail at dguioa@hcfa.gov.

Sincerely,

- Signature on File -

Molly Crawshaw, Chief
Survey and Certification Operations Branch